

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
NEW HORIZONS COMMUNITY
CHARTER SCHOOL
OF NEWARK, NEW JERSEY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2008**

NEW HORIZON COMMUNITY CHARTER SCHOOL
JUNE 30, 2008
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New Horizons Community Charter School
45-59 Hayes Street
Newark, NJ 07103

November 14, 2008

Commissioner
New Jersey Department of Education
100 Riverview Executive Plaza
CN 500
Trenton, NJ 08625

Dear Commissioner:

The Comprehensive Annual Financial Report of the New Horizons Community Charter School for the fiscal year ended June 30, 2008, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the school. To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the school. All disclosures necessary to enable the reader to gain an understanding of the school's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter and list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report. The statistical section includes audited data from the school's first six fiscal years. The school is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U. S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations," and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws and regulations and findings and recommendations is included in the single audit section of this report.

- 1) **REPORTING ENTITY AND ITS SERVICES:** New Horizons Community Charter School constitutes an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and account groups of the entity are included in this report.

The New Horizons Community Charter School services 466 students from the City of Newark. The main facility, a three story newly constructed brick building, houses main academic classes, including Computers, Spanish, and Basic Skills. The second facility, NCC Recreational Center is located directly across the street from the school and is used to

conduct classes in Art, Music and Physical Education. The third property houses the Business Office.

New Horizons Community Charter School is a community-based school focusing on the overall growth and development of each child and the school community. The school is affiliated with the New Community Corporation of Newark, UMDNJ, Liberty Science Center, Franklin Institute, Girl Scouts of New Jersey, Kids Camp, North Fork Bank, Scholastic Books, Newark Police Department, Newark Fire Department, Newark Service Bureau and Loyola University.

New Horizons Community Charter School will continue to implement Balanced Literacy and Everyday Mathematics. In an effort to generate higher student achievement in the area of reading, writing, and mathematics, plans are in place for the 2008-2009 school years to employ a literacy supervisor and mathematics coach to further support our efforts in improving teacher performance.

- 2) **ENROLLMENT OUTLOOK:** The school's charter authorized a maximum enrollment of 500 students in grades kindergarten through five. At the beginning of the 2007-2008 school year, the enrollment was 496 students. At the end of the year the enrollment was 446 students. Class size is approximately 21 students per class.

Fiscal Year – June 30, 2008	
Grade	Student Enrollment
K	84
1	84
2	85
3	84
4	82
5	47

- 3) **MAJOR ACCOMPLISHMENTS** – The New Horizons Community Charter School provided a challenging core curriculum for all students that were aligned to the New Horizon Community Charter School. The Charter Education program as well as the structured behavior intervention program provided a safe and orderly instructional environment for learning.

Under the NHCCS administration the school continues to improve student performance, character development and life skills. The following initiatives took place during the 2007-2008 school year:

- Implementation of the parent/student Handbook & Code of Civility
- Increased standardized test scores on NJASK 3,4,5
- School made AYP in 2007 and 2008
- Creation of a new teacher evaluation system to enhance professional practice

- 10 new Dell computers were purchased for the kindergarten and first grade classrooms
- Study Island, a web-based software, was purchased to allow teachers to assess student performance
- Use of data analysis to drive instruction from both TerraNova and NJASK
- Continued implementation of Reading Recovery program for struggling first grade readers
- Under the auspices of Rutgers University, two of our teachers facilitated five workshops for students and parents in Family Science; the program ran for 5 weeks.
- Five evening workshops for Everyday Mathematics was provided for students and families
- Uninterrupted block schedule for test preparation in grades 3, 4, 5. Measuring Up and NJASK Coach Curriculum

- 4) **INTERNAL ACCOUNTING CONTROLS:** Management of the Charter School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognized that: (1) the cost of a control should not exceed the benefits like to be derived: and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the School also is responsible for ensuring that an adequate control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the School management.

As part of the School's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the School has complied with applicable laws and regulations.

- 5) **BUDGETARY CONTROLS:** In addition to internal accounting controls, the School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Trustees and the State of New Jersey. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balances at June 30, 2008.

- 6) **ACCOUNTING SYSTEM AND REPORTS:** The Charter Schools’ accounting records reflect generally accepted accounting principles, as promulgated by the Government Accounting Standards Board (GASB). The accounting system of the School is organized on the basis of funds and account groups. These funds and account groups are explained in “Notes to the Financial Statements,” Note 1
- 7) **FINANCIAL INFORMATION AT FISCAL YEAR – END:** As demonstrated by the various statements and schedules included in the financial section of report, the School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund and special revenue fund for the fiscal year ended June 30, 2008.

Revenue	Amount	Percent of Total
Local	1,039,241	17%
State	4,134,004	69%
Federal	568,705	9%
Food Service	267,749	4%
Misc Revenue	<u>24,842</u>	<u>1%</u>
Total	<u>\$6,034,541</u>	<u>100%</u>

The following schedule presents a summary of the general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2008.


Expenditures	Amount	Percent of Total
Current	4,569,365	81%
Capital Outlay	86,597	1%
Special Revenue	568,705	13%
Food Service	<u>236,434</u>	<u>5%</u>
Total	<u>\$5,461,101</u>	<u>100%</u>

- 8) **CASH MANAGEMENT:** The investment policy of the School is guided in large by the state Statute as detailed in “Notes to the Financial Statements,” Note 2. The School had adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with failed banking institutions in New Jersey. The law requires governmental units to deposit funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
- 9) **RISK MANAGEMENT:** The School carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, and hazard and theft insurance on property and Contents.

10) **OTHER INFORMATION:**

Independent Audit – State statutes require an annual audit by independent Certified Public Accountants (CPA) or Registered Municipal Accountant. The Accounting firm of Scott J. Loeffler, CPA was selected by the Charter School. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and related OMB Circular A-133 and the state Treasury Circular letter 04-04 OMB. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial statement of this report. The auditor's reports related specifically to the single audit act are included in the single audit section of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'al Hollis', is positioned above the printed name.

Andre Hollis
Director, New Horizons Community Charter School

NEW HORIZONS COMMUNITY CHARTER SCHOOL

**ROSTER OF TRUSTEES AND OFFICERS
JUNE 30, 2008**

BOARD OF TRUSTEES

Mr. Arthur Wilson, President

Ms. Barbara Johnson, Secretary

Ms. Geraldine Hable-Mulligan, Member

Msgr. William Linder, Member

Mr. Okeckukwu Anyanwu, Member

Mr. James Anderson, Member

Mr. Edgar Nemorin, Treasurer, Non-Voting

CONSULTANTS AND ADVISORS

AUDIT FIRM

Scott J. Loeffler, CPA
7 Cleveland Street
Caldwell, NJ 07006

ATTORNEYS

New Community Corporation Legal Department
Mr. Anthony R. Higgins
233 W. Market Street
Newark, NJ 07103

OFFICIAL DEPOSITORY

Chase Bank
475 Bloomfield Avenue
1st Floor
Montclair, NJ 07042

FINANCIAL SECTION

SCOTT J. LOEFFLER

CERTIFIED PUBLIC ACCOUNTANT
7 CLEVELAND STREET
CALDWELL, NEW JERSEY 07006

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973-226-5985

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**UNQUALIFIED OPINION ON BASIC FINANCIAL
STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY
INFORMATION AND SUPPLEMENTARY SCHEDULE OF
FEDERAL AWARDS AND OTHER SUPPLEMENTARY INFORMATION -
GOVERNMENT ENTITY**

Independent Auditor's Report

The Honorable Chairman and
Members of the Board of Trustees
New Horizons Community Charter School
County of Essex
Newark, New Jersey

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Trustees of the New Horizons Community Charter School, County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Board of Trustee's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the New Horizons Community Charter School, Board of Trustees, in the County of Essex, State of New Jersey, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 14, 2008 on my consideration of the New Horizons Community Charter School, in the County of Essex, State of New Jersey, Board of Trustee's internal control over financial reporting and my tests

of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of my audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Budgetary Comparison schedules on pages 9 through 19 are not a required part of the basic financial statements but are supplementary information required by the accounting principle's generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the New Horizons Community Charter School Board of Trustees basic financial statements. The accompanying introductory section, other supplementary information including combining fund financial schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them. The school has expended certain federal and state grants in a manner, which may have violated certain of the restrictive provisions of the related grants. These items have been disclosed in the accompanying schedule of Findings of Noncompliance and Questioned costs and separately in the Auditors Management Report on Administrative Findings – Financial Compliance and Performance. The possible outcome of these matters is uncertain at this time. Accordingly, no provision for any liability has been made for possible federal and state claims for refunds of those grant monies.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relations to the basic financial statements taken as a whole.

Licensed Public School Accountant No. 870

A handwritten signature in black ink, appearing to read "Scott J. Loeffler", with a stylized flourish at the end.

Scott J. Loeffler, CPA
November 14, 2008

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2008

This section of New Horizons Community Charter School annual financial report presents our discussion and analysis of the school's financial performance during the fiscal year that ended on June 30, 2008. Please read it in conjunction with the transmittal letter at the front of this report and the school's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is a new element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year (2007-08) and the prior year (2006-07) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2007-08 fiscal year include the following:

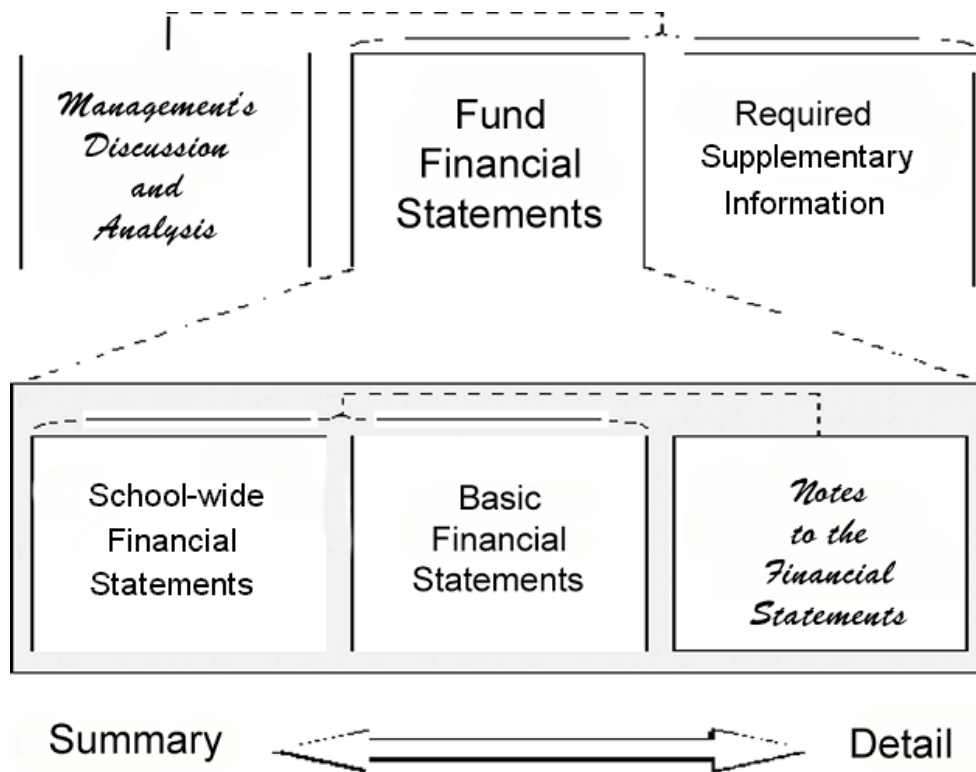
- Net assets were \$1,676,568.
- Net Assets increased by \$476,386 from July 1, 2007 to June 30, 2008.
- The General Fund balance at June 30, 2008 is \$753,629, an increase of \$542,155 when compared with the beginning balance at July 1, 2007.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information that includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the New Horizons Community Charter School.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2008

Figure A-1. Required Components of the Board's Annual Financial Report



- The first two statements are school-wide financial statements that provide both short-term and long-term information about the New Horizons Community Charter School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the New Horizons Community Charter School, reporting the New Horizons Community Charter School's operation in more detail than the school-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the Food Service activities the New Horizons Community Charter School operates like businesses.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL

Management's Discussion and Analysis

Year Ended June 30, 2008

The financial statements also include notes that explain some of the information in the statements and provide data that are more detailed. Figure A-1 summarizes the major features of the New Horizons Community Charter School's financial statements, including the portion of the New Horizons Community Charter School's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 - Major Features of the School-wide and Financial Statements

	<u>School-wide Statements</u>	<u>Fund Financial Statements</u>	
		Governmental Funds	Proprietary Funds
Scope	Entire school (except fiduciary funds)	The activities of the New Horizons Community Charter School that are for the school operations and not proprietary or fiduciary, such as teachers' salaries, special education and building maintenance, food service, and community education	Activities the New Horizons Community Charter School operates similar to private businesses: Internal service fund
Required financial statements	Statements of net assets	Balance sheet	Statement of net assets
	Statement of activities	Statement of revenue expenditures and changes in fund balances	Statement of revenue, expenses, and changes in fund net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Statement of cash flows Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL

Management's Discussion and Analysis

Year Ended June 30, 2008

School-wide Statements

The school-wide statements report information about the New Horizons Community Charter School as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the New Horizons Community Charter School's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two school-wide statements report the New Horizons Community Charter School's net assets and how they have changed. Net assets – the difference between the New Horizons Community Charter School's assets and liabilities – are one way to measure the New Horizons Community Charter School's financial health or position.

In the school-wide financial statements, the New Horizons Community Charter School's activities are shown in two categories:

- *Governmental activities*- Most of the New Horizons Community Charter School's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The New Horizons Community Charter School's Food Service Fund is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the New Horizons Community Charter School's funds – focusing on its most significant or “major” funds – not the New Horizons Community Charter School as a whole.

Funds are accounting devices the New Horizons Community Charter School uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL

Management's Discussion and Analysis

Year Ended June 30, 2008

The New Horizons Community Charter School use other funds, established in accordance with the State of New Jersey Uniform Chart, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is property using certain revenues (e.g., federal funds).

The New Horizons Community Charter School has three kinds of funds:

- **Governmental funds-** Most of the New Horizons Community Charter School's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the New Horizons Community Charter School's programs. Because this information does not encompass the additional long-term focus of the school-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **Proprietary funds-** Services for which the New Horizons Community Charter School charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the school-wide statements.
- **Fiduciary funds-** The New Horizons Community Charter School is the trustee, or *fiduciary*, for assets that belong to others such as scholarship fund, payroll and payroll agency funds, and student activity funds. The New Horizons Community Charter School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the New Horizons Community Charter School's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. I exclude these activities from the New Horizons Community Charter School's government-wide financial statements because the New Horizons Community Charter School cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE NEW HORIZONS COMMUNITY CHARTER SCHOOL AS A WHOLE

Net assets. The New Horizons Community Charter School's net assets are \$1,676,568 on June 30, 2008. (See Table A-1).

Governmental	\$1,676,568
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The Statement of Net Assets of \$1,676,568 reflects total capital assets at net of assumed depreciation from inception.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2008

The New Horizons Community Charter School's financial position is the product of these factors:

- Total revenues during the 2007-08 school year were \$6,034,541.
- Total expenditures were \$5,461,101.

Table A-1
NEW HORIZONS COMMUNITY CHARTER SCHOOL
Statement of Net Assets
As of June 30, 2008

	<u>Total</u>
Current and Other Assets	1,769,241
Capital Assets (Including Business Activities)	850,293
Total Assets	<u>\$2,619,534</u>
Long-Term Liabilities	
Other Liabilities	942,966
Total Liabilities	<u>\$942,966</u>
Net Assets:	
Invested In Capital Assets, Net of Related Debt	850,293
Restricted	
Unrestricted	826,275
Total Net Assets	<u><u>\$1,676,568</u></u>

Total Governmental and Business Activities revenues & beginning assets are adjusted by net adjusted expenditures resulting in a calculation of net assets of \$1,676,568 on June 30, 2008.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2008

Table A-2
NEW HORIZONS COMMUNITY CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Fiscal Year Ended June 30, 2008

Revenues	Total
Program revenues	
Charges for services	
Operating grants and contributions	
General revenues	
Local Share	1,039,241
Federal and State Aid-Unrestricted	2,543,117
Federal and State Aid-Restricted	2,159,592
Food Service	267,749
Other	24,842
Decrease in Net Capital Outlay	(97,054)
Total revenues	\$ 5,937,487
Expenses	
Regular Instruction	2,286,437
General Administrative	1,095,248
School Administrative	1,591,924
On-behalf TPAF Social Security	164,431
Capital Outlay	86,597
Food Service	236,464
Total expenses	\$ 5,461,101
(Decrease) in net assets	476,386
Net Assets, Beginning July 1	1,200,182
Net Assets, End of Year June 30	\$ 1,676,568

Changes in Net Assets. The New Horizons Community Charter School's total revenues were \$6,034,541. Local shares of \$1,039,241 represented 17% of revenues. The federal and state aid of \$4,970,458 represented 82% of revenues.

The smallest component of revenues is "Other Revenue." The "Other Revenue" for 2008 is \$24,842 represented 1% of revenues.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2008

Total revenues of the general fund and special revenue and enterprise fund were greater than expenditures, increasing net assets \$476,386 from the beginning balance at July 1, 2007.

Table A-3 (See Exhibit A-2)
NEW HORIZONS COMMUNITY CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Fiscal Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Source</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Governmental Activities			
Instruction			
Regular	B-2	2,286,437	2,286,437
Support Services			
General Administrative Services	B-2	1,095,248	1,095,248
School Administrative Services	B-2	1,591,924	1,591,924
On-behalf TPAF Social Security	B-2	164,431	164,431
Capital Outlay	B-2	86,597	86,597
Food Service	B-5	236,464	236,464
Total Governmental Activities		<u>\$ 5,461,101</u>	<u>\$ 5,461,101</u>

FINANCIAL ANALYSIS OF THE NEW HORIZON COMMUNITY CHARTER SCHOOL FUNDS

The financial performance of the New Horizons Community Charter School as a whole is reflected in its governmental activities Exhibit A-2. As the New Horizons Community Charter School completed the year, its general funds reported a combined fund balance of \$753,029.

Revenues for the New Horizons Community Charter School's school-wide funds were \$6,034,541 while total expenses were \$5,461,101. (Table A-2) (Exhibit A-2)

GENERAL FUND

The General Fund includes the primary operations of the New Horizons Community Charter School in providing educational services to students from grade K through grade 5.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2008

The following schedule presents a summary of Government Revenues. The summary reflects the dollar and percent increase (decrease) from the prior year.

Table A-4 (See Exhibit B-2)
NEW HORIZONS COMMUNITY CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Years Ended June 30, 2008 and 2007

General Fund Revenues	Year Ended 06/30/2008	Year Ended 06/30/2007	Amount of Increase (Decrease)
Local Sources:			
Local Share	1,039,241	747,120	292,121
Other Local Revenue	24,842	5,525	19,317
Total Local Sources	<u>\$ 1,064,083</u>	<u>\$ 752,645</u>	<u>\$ 311,438</u>
Intergovernmental			
State Sources	4,134,004	4,174,372	(40,368)
Federal Sources	568,705	725,194	(156,489)
Food Service	267,749	222,993	44,756
Total Intergovernmental Sources	<u>\$ 4,970,458</u>	<u>\$ 5,122,559</u>	<u>\$ (152,101)</u>
Total Revenue	<u>\$ 6,034,541</u>	<u>\$ 5,875,204</u>	<u>\$ 159,337</u>

The following schedule presents a summary of Governmental expenditures. The summary reflects the dollar and percent increases (decreases) from the prior year.

Table A-5 (See Exhibit B-2)
NEW HORIZONS COMMUNITY CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Years Ended June 30, 2008 and 2007

General Fund Expenditures	Year Ended 06/30/2008	Year Ended 06/30/2007	Amount of Increase (Decrease)
Current:			
Regular Instruction	2,286,437	2,392,864	(106,427)
General Administrative Services	1,095,248	1,179,363	(84,115)
School Administration	1,591,924	1,449,991	141,933
On-behalf TPAF Social Security	164,431	144,177	20,254
Capital outlay	86,597	77,588	9,009
Food Service	236,464	222,993	13,471
Total Expenditures	<u>\$ 5,461,101</u>	<u>\$ 5,466,976</u>	<u>\$ (5,875)</u>

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2008

Total expenditures increased \$656,037.

UNRESERVED-UNDESIGNATED FUND BALANCE AS A PERCENTAGE OF EXPENDITURES

The following table shows the General Fund unreserved-undesignated fund balance.

Table A-6
NEW HORIZONS COMMUNITY CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Fiscal Year Ended June 30, 2008

General Fund	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Unreserved-Undesignated							
Fund Balance	780,040	923,955	389,715	183,473	59,298	211,474	753,629
Expenditures	4,369,709	4,539,731	5,217,967	4,859,299	5,515,336	5,243,983	5,224,637
Percentages	18%	20%	7%	4%	1%	4%	14%

The New Horizons Community Charter School values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during school year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2008, in the General Fund, the New Horizons Community Charter School had invested \$1,266,849 in a broad range of capital assets, including computer and audio-visual equipment, and administrative offices, etc. (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total General Fund depreciation expenses for the year for the year was \$104,425.

Table A-7
NEW HORIZONS COMMUNITY CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Fiscal Year Ended June 30, 2008

Facilities Improvement	437,621
Equipment	829,228
Total - General Fund	<u>\$1,266,849</u>
Less: Accumulated Depreciation	(416,556)
Total - Net Capital Assets General Fund	<u>\$850,293</u>

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2008

FACTORS BEARING ON THE SCHOOL'S FUTURE

State Aid—As part of the “time-out” decision of the Supreme Court, the NJDOE was granted permission for level spending for the 2007-08 school year. The practical implication of this ruling is that the New Horizons Community Charter School 2007-08 budget can be not greater than its kindergarten through grade 12 expenditures in the 2007-08 school year. The financial position of the State of New Jersey will likely result in continued level state aid for the 2007-08 school year. The school is likely to feel financial pressures related to contractual obligations that will put pressure on the school programs, inclusive of staffing levels.

No Child Left Behind (NCLB)—The integration of the requirements of this federal legislation needs to be integrated into in a way that eliminates duplication. The challenge before the State of New Jersey is development of a single, seamless process of assessment, planning, implementation, and evaluation that satisfies both State and federal authorities.

**CONTACTING THE NEW HORIZON COMMUNITY CHARTER SCHOOL'S
FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the New Horizons Community Charter School's finances and to demonstrate the New Horizons Community Charter School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, New Horizons Community Charter School, 45-59A Hayes Street, Newark, New Jersey 07103.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the New Horizons Community Charter School's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2008.

SCHOOL-WIDE FINANCIAL STATEMENTS

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Statement of Net Assets
June 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,399,671	\$ 46,527	\$ 1,446,198
Investments			-
Receivables, net	151,407	51,886	203,293
Rental Deposit	119,750		119,750
Restricted assets:			-
Cash and cash equivalents			
Capital reserve account - cash			
Capital assets, net (Note 2):	850,293		850,293
Total Assets	<u>2,521,121</u>	<u>98,413</u>	<u>2,619,534</u>
LIABILITIES			
Cash Overdraft		-	-
Accounts payable	623,832	25,767	649,599
Due to Newark Board of Ed.	35,749		35,749
Deposits payable			
Payable to federal government	194		194
Payable to state government	757		757
Deferred revenue	256,667		256,667
Noncurrent liabilities (Note 3):			
Due within one year			
Due beyond one year			
Total liabilities	<u>917,199</u>	<u>25,767</u>	<u>942,966</u>
NET ASSETS			
Invested in capital assets, net of related debt	850,293		850,293
Restricted for:			
Debt service			
Capital projects			
Permanent endowment - nonexpendable			
Other purposes			
Unrestricted	753,629	72,646	826,275
Total net assets	<u>\$ 1,603,922</u>	<u>\$ 72,646</u>	<u>\$ 1,676,568</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Statement of Activities
For the Year Ended June 30, 2008

Exhibit A-2

Functions/Programs	Expenses	Program Revenues			Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 2,286,437		\$ 533,818		\$ (1,752,619)		\$ (1,752,619)
Support services:							
General administration	1,095,248		34,887		(1,060,361)		(1,060,361)
School administrative services/ operations plant serv.	1,591,924				(1,591,924)		(1,591,924)
On - behalf TPAF Social Security	164,431				(164,431)		(164,431)
Capital Outlay	86,597				(86,597)		(86,597)
Total governmental activities	5,224,637		568,705		(4,655,932)		(4,655,932)
Business-type activities:							
Food Service		236,464				(236,464)	-
Total business-type activities						(236,464)	-
Total primary government	\$5,224,637	\$ 236,464	\$ 568,705		\$ (4,655,932)	\$ (236,464)	\$ (4,892,396)
General revenues:							
Local Share					1,039,241		1,039,241
State Share					2,543,117		2,543,117
State and Federal Aid					1,590,887	255,426	1,846,313
Miscellaneous Income					24,842	12,323	37,165
Decrease in net Capital Outlay					(97,054)		(97,054)
Total general revenues, special items,					5,101,033	267,749	5,368,782
Change in Net Assets					445,101	31,285	476,386
Net Assets—beginning					1,158,821	41,361	1,200,182
Net Assets—ending					\$ 1,603,922	\$ 72,646	\$ 1,676,568

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Balance Sheet
Governmental Funds
June 30, 2008

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,096,335	\$ 303,336			\$ 1,399,671
Investments					
Receivables, net	151,407	-			151,407
Rental Deposit	119,750				119,750
Total assets	<u>\$ 1,367,492</u>	<u>\$ 303,336</u>	<u></u>	<u>\$ -</u>	<u>\$ 1,670,828</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash Overdraft					
Accounts payable	577,357	46,475			623,832
Due to Newark Board of Ed.	35,749				35,749
Payable to federal government		194			194
Payable to state government	757	-			757
Deferred revenue		256,667			256,667
Total liabilities	<u>613,863</u>	<u>303,336</u>	<u></u>	<u>-</u>	<u>917,199</u>
Fund Balances:					
Reserved for:					
Encumbrances					
Legally restricted -- unexpended additional spending proposal					
Legally restricted -- designated for subsequent year's expenditures					
Capital reserve account					
Excess surplus					
Excess surplus -- designated for Subsequent year's expenditures					
Other purposes					
Unreserved, reported in:					
General fund	753,629				753,629
Capital projects fund					
Permanent fund					
Total Fund balances	<u>753,629</u>	<u></u>	<u></u>	<u></u>	
Total liabilities and fund balances	<u>\$ 1,367,492</u>	<u>\$ 303,336</u>	<u>\$ -</u>	<u>\$ -</u>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation is

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 3)

Net assets of governmental activities

1,266,849
(416,556)

\$ 1,603,922

The accompanying Notes to Financial Statements are an integral part of this statement.

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local share	\$ 1,039,241				\$ 1,039,241
State Share	2,543,117				2,543,117
Other Restricted Miscellaneous Revenues					
Miscellaneous	24,842				24,842
Total - Local Sources	3,607,200				3,607,200
State sources	1,590,887	-			1,590,887
Federal sources		568,705			568,705
Total revenues	5,198,087	568,705			5,766,792
EXPENDITURES					
Current:					
Regular instruction	\$ 1,752,619	\$ 533,818			\$ 2,286,437
Support services- General Administrative	1,060,361	34,887			1,095,248
Support Services- School Admin/ operations plant se	1,591,924				1,591,924
On-behalf TPAF Social Security	164,431				164,431
Capital outlay	86,597				86,597
Total expenditures	4,655,932	568,705			5,224,637
Excess (Deficiency) of revenues over expenditures	542,155				542,155
OTHER FINANCING SOURCES (USES)					
Transfers in					-
Transfers out					-
Total other financing sources and uses					-
Net change in fund balances	542,155				542,155
Fund balance—July 1	211,474				211,474
Fund balance—June 30	\$ 753,629				\$ 753,629

The accompanying Notes to Financial Statements are an integral part of this statement.

NEW HORIZON COMMUNITY CHARTER SCHOOL
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2008

Total net change in fund balances - governmental funds (from B-2) \$ 542,155

Amounts reported for governmental activities in the statement
of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is
allocated over their estimated useful lives as depreciation expense. This is
the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	\$ (104,425)	
Capital outlays	7,371	
	(97,054)	\$ (97,054)

Repayment of bond principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the statement of net assets
and is not reported in the statement of activities.

Change in net assets of governmental activities	\$ 445,101
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The accompanying Notes to Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Business-type Activities Enterprise funds Food Service
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 46,527
Investments	
Accounts receivable	51,887
Other receivables	
Inventories	
Total current assets	<u>98,414</u>
Noncurrent assets:	
Restricted cash and cash equivalents	
Furniture, machinery & equipment	
Less accumulated depreciation	
Total noncurrent assets	<u>51,887</u>
Total assets	<u><u>51,887</u></u>
LIABILITIES	
Current liabilities:	-
Cash overdraft	-
Accounts payable	25,768
Compensated absences	
Total current liabilities	<u>25,768</u>
Total liabilities	<u>25,768</u>
NET ASSETS	
Invested in capital assets net of related debt	
Restricted for:	
Capital projects	
Unrestricted	72,646
Total net assets	<u>\$ 72,646</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

Exhibit B-5

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	Business-type Activities Enterprise Fund Food Service
Operating revenues:	
Charges for services:	
Daily sales - Reimbursable programs and Special Lunch Program	\$ -
After School Revenue	-
Total operating revenues	-
Operating expenses:	
Cost of sales	
Salaries and Benefits	
Supplies, Materials and Other Expenses	(236,464)
Total Operating Expenses	(236,464)
Operating income (loss)	(236,464)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	12,323
Federal sources:	
National school breakfast program	76,029
National school lunch program	179,397
Board Subsidy	-
Total nonoperating revenues (expenses)	267,749
Income (loss) before contributions & transfers	
Capital contributions	
Transfers in (out)	
Change in net assets	31,285
Total net assets—beginning	41,361
Total net assets—ending	\$ 72,646

The accompanying Notes to Financial Statements are an integral part of this statement.

Exhibit B-6

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

Business-type
Activities
Enterprise Funds
Food
Service

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	
Payments to employees and benefits	
Payments to suppliers	(234,582)
Net cash provided by (used for) operating activities	(234,582)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State and Federal Sources	309,345
Operating subsidies and transfers to other funds	0
Net cash provided by (used for) non-capital financing activities	309,345

CASH FLOWS FROM INVESTING ACTIVITIES

Increase In Fixed Assets	
Proceeds from sale/maturities of investments	
Net cash provided by (used for) investing activities	
Net increase (decrease) in cash and cash equivalents	74,763
Cash Balances—beginning of year	(28,236)
Cash Balances—end of year	\$ 46,527

Reconciliation of operating income (loss) to net cash provided

(used) by operating activities:

Operating income (loss)	\$ 31,285
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation and net amortization	
(Increase) decrease in accounts receivable, net	41,596
(Increase) decrease in inventories	
(Increase) decrease in USDA Communities	
Increase (decrease) in accounts payable	1,882
Increase (decrease) in accrued compensated absences	
Total adjustments	74,763
Net cash provided by (used for) operating activities	\$ 74,763

The accompanying Notes to Financial Statements are an integral part of this statement.

FIDUCIARY FUNDS

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

NOT APPLICABLE

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2008**

NOT APPLICABLE

NOTES TO FINANICAL STATEMENTS

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the New Horizons Community Charter School been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the New Horizons Community Charter School's accounting policies are described below.

The Governmental Accounting Standards Board (GASB) unanimously approved basic Financial Statements and Management's Discussion and Analysis for State and Local governments (Statement No. 34). This statement provides for significant changes in financial reporting and was first implemented by the New Horizons Community Charter School for the fiscal year ending June 30, 2003. In addition, the school has implemented GASB Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments Omnibus and Statement No. 38, Certain Financial Statement Note Disclosures.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles. Encumbrance accounting is employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity:

The New Horizons Community Charter School is an instrumentality of the State of New Jersey, established to function as an education institution. The New Horizons Community Charter School Board of Trustees is responsible for the fiscal control of the New Horizons Community Charter School. An Executive Director is appointed by the New Horizons Community Charter School and is responsible for the administrative control of the New Horizons Community Charter School. Under existing statutes, the New Horizons Community Charter School's duties and powers include, but are not limited to the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The New Horizons Community Charter School Board of Trustees also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The accompanying financial statements present the government and its component units, entities for which the school is considered to be financially accountable. The New Horizons Community Charter School has no blended or discretely presented component units. Furthermore, the New Horizons Community Charter School is not includable in any other reporting entity as a component unit.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Government-wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the New Horizons Community Charter School and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *miscellaneous revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation:

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. All assets and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2008

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation:
(continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this measurement focus and basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available).

Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the New Horizons Community Charter School considers revenues to be available if they are collected within 90 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures, which are recorded when payment is due and compensated absences and claims and judgments which are recorded only to the extent that there are expendable financial resources available.

Other items associated with the current fiscal period are all considered to susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the New Horizons Community Charter School.

The New Horizons Community Charter School reports the following major governmental funds:

The *general fund* is the New Horizons Community Charter School's primary operating fund. It accounts for all financial resources of the New Horizons Community Charter School, except those required to be accounted for in another fund.

The New Horizons Community Charter School reports the following major proprietary fund which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2008

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation:
(continued)

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for private donations for scholarships. All resources of the fund, including any earnings on invested resources, may be used to support the intended purposes. There is no requirement that any portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The New Horizons Community Charter School has elected not to follow FASB guidance issued subsequent to December 1, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* in the New Horizons Community Charter School -wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund includes the cost of sales and services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2008

D. Assets, Liabilities and Net Assets or Equity:

1. *Deposits and Investments*

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. *Inventories and Prepaid Items*

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as deferred revenue.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Accrued Liabilities and Payables

All payables and accrued liabilities, are reported on the school-wide financial statements. In general, governmental fund payables and accrued liabilities that, once, incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the school or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The school's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2008

D. Assets, Liabilities and Net Assets or Equity: (continued)

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business type activities columns in the government-wide financial statements. Capital assets are defined by the New Horizons Community Charter School as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchase or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method.

5. *Fund Equity*

Reservations/Designations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is appropriated for future expenditures. Specific reservations/designations of the fund balance accounts are summarized below.

Reserve for Encumbrances - This reserve is created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at June 30. There were no reserve for encumbrance at June 30, 2008.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2008

D. Assets, Liabilities and Net Assets or Equity: (continued)

Reserve for Capital Reserve Account - This reserve is created by budget appropriation to fund future capital expenditures.

Reserve for Legally Restricted - Designated for Subsequent Year's Expenditures
- This reserve is created to represent the portion of fund balance at June 30, 2008 restricted and utilized in the adopted subsequent year's budget. At June 30, 2008 there were no reserves.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

No difference noted.

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information:

In accordance with the requirements of the New Jersey Department of Education, the New Horizons Community Charter School annually prepares its operating budget for the forthcoming year. The budget, except for the special revenue fund, which is more fully explained below, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The budget is submitted to the county superintendent and is voted upon by the Board of Trustees. Budget adoptions and amendments are recorded in the New Horizons Community Charter School minutes.

The budget is properly amended by the New Horizons Community Charter School trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2008

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

A. Budgetary Information: (continued)

The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The school approved several budget transfers during 2005-2006.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the special revenue fund from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.

	<u>Revenues</u>	<u>Expenditures</u>	<u>Operating In</u>	<u>Transfers Out</u>
Budgetary Basis	\$568,705	\$568,705	-	-
Adjustments:	-	-	-	-
Add encumbrances at June 30, 2007	-	-	-	-
Less encumbrances at June 30, 2008	-	-	-	-
GAAP Basis	<u>\$568,705</u>	<u>\$568,705</u>	-	-

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2008

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

A. Budgetary Information: (continued)

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

B. Capital Reserve Account:

Funds placed in the capital reserve account are restricted to capital projects in the New Horizons Community Charter School's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR).

NOTE 4. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.00. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

As of June 30, 2008, New Horizons Community Charter School cash and cash equivalents consisted of the following:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Enterprise Fund</u>	<u>Total</u>
Operating Account	\$1,096,335	\$303,336	\$46,527	\$1,446,198

Category 1 - Insured or collateralized with securities held by the school or its agent in the school's name.

Category 2 - Collateralized with securities held by the pledging financial institutions trust department or agent in the school's name.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2008

NOTE 4. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

Deposits (continued)

Category 3 - Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the New Horizons Community Charter School's name.

	<u>1</u>	<u>Category 2</u>	<u>3</u>	<u>Bank Balance</u>
Deposits	\$1,446,198	\$ 0	\$ 0	\$1,446,198

The New Horizons Community Charter School's cash deposits as June 30, 2008 were entirely covered by the Federal Deposit Insurance Corporation (F.D.I.C.) or by the pledged collateral pool maintained by the banks as required by New Jersey statutes.

Investments

New Jersey statutes permit the New Horizons Community Charter School to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States of America.
- b. Government Money Market Mutual Funds.
- c. Any obligations that a federal agency or a federal instrumentality has issued, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest.
- d. Bonds or other obligations of the New Horizons Community Charter School or bonds or other obligations of the local unit or units which the school district is located.
- e. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- f. Local Government investment pools.
- g. Agreements or the repurchase of fully collateralized securities, if transacted in accordance with N.J.S.A. 18A:20-37.

The New Horizons Community Charter School had no outstanding investments at June 30, 2008.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2008

Investments (continued)

Receivables as of year-end for the government's individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Enterprise Revenue</u>	<u>Total</u>
Account:			
Receivables	<u>\$151,407</u>	<u>\$51,886</u>	<u>\$203,293</u>
Gross Receivables	<u>\$151,407</u>	<u>\$51,886</u>	<u>\$203,293</u>

B. Deferred Revenue

There is no deferred revenue in the general fund.

Special Revenue Fund:

NCLB Title I	\$239,337
IDEAL Grant	<u>17,290</u>
	<u>\$256,627</u>

C. Capital Assets

Capital assets as at the year ended June 30, 2008 was as follows:

Primary Government:

	<u>Balance at June 30, 2008</u>
Capital assets, being depreciated:	
Building Improvements	437,621
Furniture and Fixtures	<u>829,228</u>
Total capital assets being depreciated	<u>\$1,266,849</u>
Less :	
Accumulated Depreciation	<u>(\$416,556)</u>
Total capital assets, being depreciated, net all funds	<u>\$850,293</u>

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2008

C. Capital Assets (continued)

Capital assets as at the year ended June 30, 2008 was as follows:

Primary Government (continued):

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Total depreciation expense - governmental activities	<u>\$104,425</u>
--	------------------

Capital assets are depreciated in the financial statements using the straight-line method over the estimated useful life of the asset.

D. Interfund Receivables, Payables, and Transfers:

As of June 30, 2008, there were no interfund transactions reflected.

NOTE 5. OTHER INFORMATION

A. Contingent Liabilities

The New Horizons Community Charter School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the New Horizons Community Charter School may be required to reimburse the grantor government. As of June 30, 2008, significant amounts of grant expenditures have not been audited by the various grantor agencies but the New Horizons Community Charter School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the New Horizons Community Charter School.

The New Horizons Community Charter School's attorney's letter advises that there is no litigation, pending litigation claims, contingent liabilities, unasserted claims for assessments or statutory violations which involved the New Horizons Community Charter School and which might materially affect the New Horizons Community Charter School's financial position.

B. Employee Retirement Systems and Pension Plans

Plan Description

Substantially all of the New Horizons Community Charter School's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS).

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2008

B. Employee Retirement Systems and Pension Plans (continued)

Plan Description (continued)

These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund retirement system is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statutes, all employer contributions are made jointly by the State of New Jersey and the New Horizons Community Charter School. The Public Employees Retirement System is considered a cost-sharing multiple-employer plan.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State.

Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 60 (55 for Veterans for military service, Ch. 133, P.L. 2001) with an annual benefit generally determined to be $1/60^{\text{th}}$ (amended to $1/55^{\text{th}}$ as of November 1, 2001, Ch. 133 P.L. 2001) of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

Public Employees' Retirement System

The Public Employees' Retirement Systems was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2008

B. Employee Retirement Systems and Pension Plans (continued)

Plan Description (continued)

Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 (55 for Veterans for military service, Ch. 133, P.L. 2001) with an annual benefit generally determined to be $1/60^{\text{th}}$ (amended to $1/55^{\text{th}}$ as of November 1, 2001, Ch. 133 P.L. 2001) of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service.

Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Significant Legislation

Effective November 1, 2001, Chapter 133, Public Law of 2001, increases the retirement benefits under the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) for service, deferred and early retirement by changing the formula from $1/70$ to $1/64$ of final compensation for each year of Class A Service and from $1/60$ to $1/55$ of final compensation for each year of Class B service. The law also increases the retirement benefit for TPAF and PERS veteran members with 35 or more years of service and reduces the age qualification for this veteran retirement benefit from 60 to 55. The law further provides that existing retirees and beneficiaries whose retirement allowance is based on a service, deferred, early, or 35-year veteran retirement, would also receive a comparable percentage increase in their retirement allowances (9.09%).

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2008

B. Employee Retirement Systems and Pension Plans (continued)

Plan Description (continued)

This law also provides up to a 2% reduction in TPAF member contributions from the normal contribution rate of 5% beginning with calendar year 2005. After calendar year 2005, the rate of contribution will be reduced equally with employer normal contributions, but not by more than 2%, from excess valuation of assets if the State Treasurer determines that excess valuation assets will be used to reduce normal contributions by the State. This change provides that future reductions in TPAF and PERS member contribution rates will be calculated in a similar fashion.

To fund the additional accrued liability for the increase benefits, the law provides that the actuarial value of assets for both TPAF and PERS, for the valuation period ending June 30, 1999, will be the full market value of the assets as of that date.

To fund the additional annual employer normal contribution for the increased benefits, the law establishes a benefit enhancement fund for both TPAF and PERS which would be funded by excess valuation assets beginning with the valuation period ending June 30, 1999. The amount of excess assets credited to the fund cannot exceed the amount of member contributions for the fiscal year in which the normal contributions are payable.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF provides for a current employee contribution rate of 4.5% for employees' annual compensation, as defined. Chapter 415, P.L. 1999 provided for a reduction in the PERS employee contributions rate from 5% to 3%. Prior to January 1, 2001, the employee contribution rate was set at 4.5% in accordance with Chapter 115, P.L. 199, which lowered the contribution rate by 1/2 of 1% for calendar years 1998 and 1999. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the New Horizons Community Charter School is a non-contributing employer of the TPAF.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2008

B. Employee Retirement Systems and Pension Plans (continued)

Funding Policy (continued)

The New Horizons Community Charter School's contributions to PERS for the years ended June 30 2005, 2004, 2003, 2002 and 2001 were offset by a Pension Security Act Credit; therefore, no Contributions were required. For the years ended June 30, 2006, 2007 and 2008 a contribution was required.

During the year ended June 30, 2008, the State of New Jersey was required to contribute \$164,431 to the TPAF for normal const pension contribution or post-retirement medical benefits on behalf of the New Horizons Community Charter School.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the New Horizons Community Charter School \$144,177 during the year ended June 30, 2008 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the general purpose financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB No. 24.

C. Post Retirement Benefits

Post-Employment Medical Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2008, there were 75,860 retirees eligible for post-retirement benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one half of one percent of the active State payroll.

The State made post-retirement (PRM) contributions of \$592.7 million for TPAF and \$224.3 million for PERS in fiscal year 2006.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2008

C. Post Retirement Benefits (continued)

Post-Employment Medical Benefits (continued)

The State paid \$110.3 million toward Chapter 126 benefits for 11,747 eligible retired members in fiscal year 2006.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$887 million toward Chapter 126 benefits for 9,966 eligible retired members in fiscal year 2005.

NOTE 6. RISK MANAGEMENT

The New Horizons Community Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The school maintains commercial insurance coverage for property, liability, and student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Share	\$ 1,054,507	\$ -	\$ 1,054,507	\$ 1,039,241	\$ 15,266
State Share	2,581,726	0	2,581,726	2,543,117	38,609
Other Restricted Miscellaneous Revenues					
Miscellaneous	1,415	9,996	11,411	24,842	(13,431)
Total - Local Sources	<u>3,637,648</u>	<u>9,996</u>	<u>3,647,644</u>	<u>3,607,200</u>	<u>40,444</u>
Early Childhood Program Aid	411,768	-	411,768	381,049	30,719
Abbott Kindergarten	543,144	(253,029)	290,115	285,512	4,603
Targeted At Risk Aid	-	183,450	183,450	219,650	(36,200)
Consolidated Aid	-	2,947	2,947	2,947	-
T&E Gap	-	182,060	182,060	217,869	(35,809)
Technology Aid	-	20,160	20,160	18,656	1,504
Demonstrably Effective	233,352	-	233,352	215,387	17,965
Bilingual Education	8,176	-	8,176	-	8,176
Special Education	102,901	-	102,901	85,386	17,515
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	-	(139,738)
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	164,431	(164,431)
Total State Sources	<u>1,299,341</u>	<u>135,588</u>	<u>1,434,929</u>	<u>1,590,887</u>	<u>(295,696)</u>
Federal Sources:					
Impact Aid					
Medical Assistance Program					
Total - Federal Sources	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Total Revenues	<u>4,936,989</u>	<u>145,584</u>	<u>5,082,573</u>	<u>5,198,087</u>	<u>(255,252)</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Teachers Salary	\$ 1,407,750	-	1,407,750	1,398,011	\$ 9,739
Other Salaries	272,835	-	272,835	264,213	8,622
Prof/Tech Services	-	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	-	-
General Supplies	62,400	(43,708)	18,692	11,039	7,653
Textbooks	72,800	17,200	90,000	71,550	18,450
Other Objects	10,400	-	10,400	7,806	2,594
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>1,826,185</u>	<u>(26,508)</u>	<u>1,799,677</u>	<u>1,752,619</u>	<u>47,058</u>

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - General Administrative					
Salaries of Administrative Salaries	302,603	158,384	460,987	390,336	70,651
Salaries of Secretarial and Clerical Assistants	65,500	4,000	69,500	67,855	1,645
Cost of Benefits	904,426	171,235	1,075,661	493,807	581,854
Consultants	90,740	(30,000)	60,740	39,547	21,193
Other Purchased Services (400-500 series)	74,880	(43,880)	31,000	30,113	887
Communications/Telephone	14,560	-	14,560	12,924	1,636
Supplies and Materials	20,800	-	20,800	18,084	2,716
Other Objects	7,800	5,105	12,905	7,695	5,210
	<u>1,481,309</u>	<u>264,844</u>	<u>1,746,153</u>	<u>1,060,361</u>	<u>685,792</u>
Support Services - School Admin/Operation Plant Services					
Salaries	298,987	2,013	301,000	300,021	979
Purchased Professional and Technical Services	83,200	30,000	113,200	99,300	13,900
Other Purchased Services	102,461	28,539	131,000	129,432	1,568
Rental of Land and Building- other than Lease Purchase Agreements	860,000	30,280	890,280	865,000	25,280
Insurance	62,400	-	62,400	56,503	5,897
General Supplies	20,800	1,000	21,800	21,782	18
Transportation- Trips	15,000	(15,000)	-	-	-
Energy (Energy and Electricity)	78,000	44,000	122,000	119,886	2,114
Other Objects	22,000	(22,000)	-	-	-
Total Undist. Expend. - Other Oper. & Maint. Of Plant	<u>1,542,848</u>	<u>98,832</u>	<u>1,641,680</u>	<u>1,591,924</u>	<u>49,756</u>
Food Service					
Other Purchased Services	-	-	-	-	-
Total Food Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
On-behalf TPAF pension Contributions (non-budgeted)					
Reimbursed TPAF Social Security Contributions (non-budgeted)				164,431	(164,431)
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,431</u>	<u>(164,431)</u>
TOTAL UNDISTRIBUTED EXPENDITURES					
	<u>3,024,157</u>	<u>363,676</u>	<u>3,387,833</u>	<u>2,816,716</u>	<u>571,117</u>
TOTAL GENERAL CURRENT EXPENSE	<u>4,850,342</u>	<u>337,168</u>	<u>5,187,510</u>	<u>4,569,335</u>	<u>618,175</u>

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Instructional Equipment	10,400	-	10,400	7,471	2,929
Non-Instructional Equipment	6,240	-	6,240	1,909	4,331
Miscellaneous	70,007	7,719	77,726	77,217	509
Total Equipment	<u>86,647</u>	<u>7,719</u>	<u>94,366</u>	<u>86,597</u>	<u>7,769</u>
 TOTAL EXPENDITURES- GENERAL FUND	 4,936,989	 344,887	 5,281,876	 4,655,932	 625,944
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>-</u>	 <u>(199,303)</u>	 <u>(199,303)</u>	 <u>542,155</u>	 <u>(82,074)</u>
 Other Financing Sources:					
Operating Transfer In:	<u>-</u>	<u>199,303</u>	<u>199,303</u>		
Total Other Financing Sources:	<u>-</u>	<u>199,303</u>	<u>199,303</u>		
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	 -	 -	 -	 542,155	 (82,074)
 Fund Balance, July 1	 -	 -	 211,474	 211,474	
 Fund Balance, June 30	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 211,474</u>	 <u>\$ 753,629</u>	 <u>\$ (82,074)</u>

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2008

Exhibit C-2
Page 1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources					
State Sources	0		0	0	
Federal Sources	568,705		568,705	568,705	
Total Revenues	<u>568,705</u>		<u>568,705</u>	<u>568,705</u>	
EXPENDITURES:					
Instruction					
Salaries of Teachers	287,166		287,166	287,166	
Other Salaries for Instruction					
Purchased Professional -Educational Services					
Purchased Professional and Technical Services	142,738		142,738	142,738	
Travel	0		0	0	
Other Purchased Services (400-500 series)			0	0	
General Supplies	45,214		45,214	45,214	
Personal Services- Employee Benefits	58,700		58,700	58,700	
Textbooks	0		0	0	
Other Objects	0		0	0	
Total Instruction	<u>533,818</u>		<u>533,818</u>	<u>533,818</u>	
Support Services					
Salaries of Supervisor of Instruction	0		0	0	
Salaries of Nurse	0		0	0	
Salaries of Other Professional Staff	34,887		34,887	34,887	
Salaries of Secretaries & Clerical Assistants	0		0	0	
Other Salaries			0	0	
Personal Services - Employee Benefits			0	0	
Purchased Professional - Educational Services			0	0	
Trips and Teachers Development	0		0	0	
Purchased Technical Services	0		0	0	
Field Trips	0		0	0	
Internet Wiring	0		0	0	
Electrical wiring	0		0	0	
Travel	0		0	0	
Other purchased Services (400-500 series)	0		0	0	
Supplies & Materials	0		0	0	
Total Support Services	<u>34,887</u>		<u>34,887</u>	<u>34,887</u>	

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Buildings Improvements					
Instructional Equipment					
Noninstructional Equipment					
Total Facilities Acquisition and Construction Services					
Transfer to Charter School					
Total Expenditures	568,705		568,705	568,705	
Other Financing Sources (Uses)					
Transfer in from General Fund					
Transfer Out to Whole School Reform (General Fund)					
Total Other Financing Sources (Uses)					
Total Outflows					
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)					

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION**

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended June 30, 2008

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

The general fund budget and the special revenue budget basis are GAAP, therefore no reconciliation is required

SPECIAL REVENUE FUND

Special Revenue Funds are used to account for the proceeds of special revenue resources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Revenues and Expenditures- Budgetary Basis
For the Year Ended June 30, 2008

Exhibit E-1

	IDEA PART		NCLB							IDEAL	
	TOTAL	B-Basic	TITLE	TITLE	TITLE	Title	Title	Title	TITLE	Title	GRANT
		Reg. Prog.	I	I C/O	IIA C/O	II A	II D	IV C/O	IV	V	Reg. Prog.
REVENUES											
Intergovernmental											
State											
Federal	568,705	102,232	348,058	0	11,775	49,475	2,556	10,711	9,598	1,590	32,710
Other Sources											
Miscellaneous											
Total Revenues	568,705	102,232	348,058	0	11,775	49,475	2,556	10,711	9,598	1,590	32,710
EXPENDITURES											
Instruction											
Salaries	287,166	91,875	166,906			22,506			4,607	1,272	
Salaries Teachers Assts	0										
Transportation	0										
Personal Services	0										
Purchased Prof. and Tech. Services	142,738		97,781		11,775	21,343	2,000	6,000	3,839		
General Supplies	45,214	513	6,724				556	4,711			32,710
Textbooks	0										
Personal Services - Employee Benefits	58,700	9,844	41,760			5,626			1,152	318	0
Other Objects	0										
Equipment Instructional	0				0						
Total Instruction	533,818	102,232	313,171	0	11,775	49,475	2,556	10,711	9,598	1,590	32,710
Support Services											
Salaries of Supervisors of Instruction	0		0								
Salaries of Program Directors	34,887		34,887								
Salaries of Other Prof. Staff	0										
Salaries of Secretarial and Clerical Ass't											
Personal Services - Employee Benefits											
Supplies and Materials											
Other Purchased Services											
Purchased Professional/Educational Services											
Class- room Improvements											
Building Improvements											
Other Objects											
Total Support Services	34,887		34,887	0	0	0	0	0	0	0	
TOTAL EXPENDITURES	568,705	102,232	348,058	0	11,775	49,475	2,556	10,711	9,598	1,590	32,710

PROPRIETARY FUNDS

ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the cost of providing goods and services be financed through user charges or where the board has decided that periodical determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Food Service Fund - The fund provides for the operation of food services in all schools.

Exhibit G-1

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Statement of Net Assets
JUNE 30, 2008

	Business-Type Activities
	Enterprise Fund Food Services
ASSETS	
Current Assets	
Cash	
Intergovernmental Receivable	46,527
Accounts Receivable	51,887
Total Current Assets	98,414
Total Assets	98,414
LIABILITIES	
Cash Overdraft	0
Accounts Payable	25,768
Total Current Liabilities	25,768
 Net Assets	
Unrestricted	72,646
Invested in capital assets net of related debt	0
Total Net Assets	\$72,646

Exhibit G-2

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
Year Ended June 30, 2008

	<u>Business-Type Activities</u>
	Enterprise Fund Food Services
OPERATING REVENUES	
Local Sources	
Daily Sales - Reimbursable Programs	
Special Lunch and Breakfast Program	\$0
Special Functions	
Total Operating Revenues	<u>0</u>
OPERATING EXPENSES	
Salaries, wages and employee benefits	
Supplies, Materials & Other	(236,464)
Professional Fee	
Depreciation	
Cost of Sales	
Total Operating Expenses	<u>(236,464)</u>
Income (Loss) From Operations	<u>(236,464)</u>
Nonoperating Revenues	
State Sources	
State Sources	12,323
Federal Sources	
School Breakfast Program	76,029
National School Lunch Program	179,397
U.S. D.A. Commodities	
Board Subsidy	0
Total Nonoperating Revenues	<u>267,749</u>
Net Income (Loss)	31,285
Total Net Assets- Beginning of Year	<u>41,361</u>
Total Net Assets- End of Year	<u>\$72,646</u>

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2008

2008

Cash flows from operating activities	
Cash Received from Customers	
Cash Payments to Employee's Salaries and Benefits	
Cash Payments to Suppliers for Goods and Services	(234,582)
Net Cash (Used) by Operating Activities	<u>(234,582)</u>
 Cash Flows from Noncapital Financing Activities	
Cash Received from General Fund Transfer (Contribution)	0
Cash Received from State and Federal Subsidy Reimbursements	309,345
Net Cash Provided by Noncapital Financing Activities	<u>309,345</u>
 Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	
Net Increase in Cash and Cash Equivalents	74,763
Cash and Cash Equivalents, Beginning of Year	(28,236)
Cash and Cash Equivalents, End of Year	<u>\$46,527</u>
 Reconciliation of Operating (Loss) to Net Cash	
Used by Operating Activities	
Operating (Loss)	\$31,285
Adjustments to Reconcile Operating (Loss) to	
Net Cash Used by Operating Activities	
Depreciation	
Decrease in Accounts Receivable	41,596
USDA Commodities	
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	1,882
Increase/(Decrease) in Deferred Revenue	
Increase/(Decrease) in Compensated Absences	
Increase/(Decrease) in Inventory	
Total Adjustment	<u>74,763</u>
 Net Cash Used by Operating Activities	<u>\$74,763</u>

FIDUCIARY FUNDS

Exhibit H-1

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Combining Statement of Agency Fund Net Assets
Fiduciary Funds
As of June 30, 2008**

NOT APPLICABLE

Exhibit H-2

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Nonexpendable Trust Fund
Combining Statement of Agency Fund Net Assets
Fiduciary Funds
As of June 30, 2008**

NOT APPLICABLE

Exhibit H-3

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Year Ended June 30, 2008**

NOT APPLICABLE

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Year Ended June 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
ASSETS				
Cash and Cash Equivalents	<u> </u>	<u>\$2,979,479</u>	<u>\$2,979,479</u>	<u> </u>
Total Liabilities	<u> </u>	<u>2,979,479</u>	<u>2,979,479</u>	<u> </u>
LIABILITIES				
Payroll Deductions and Withholdings		1,172,135	1,172,135	
Accrued Salaries and Wages	<u> </u>	<u>1,807,344</u>	<u>1,807,344</u>	<u> </u>
Total Liabilities	<u> </u>	<u>\$2,979,479</u>	<u>\$2,979,479</u>	<u> </u>

Exhibit H-5

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Unemployment Compensation Insurance Trust Fund
Statement of Receipts and Disbursements
Fiduciary Funds
For the Year Ended June 30, 2008**

NOT APPLICABLE

FINANCIAL TRENDS

NEW HORIZONS COMMUNITY CHARTER SCHOOL
NET ASSETS BY COMPONENT
FOR THE FISCAL YEARS ENDED JUNE 30, 2008, 2007, 2006, 2005, 2004

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 850,293	\$ 947,347	\$ 1,043,454	\$ 1,131,616	\$ 1,109,384
Restricted					
Unrestricted	753,629	211,474	67,600	173,473	389,715
Total governmental activities net assets	<u>\$ 1,603,922</u>	<u>\$ 1,158,821</u>	<u>\$ 1,111,054</u>	<u>\$ 1,305,089</u>	<u>\$ 1,499,099</u>
Business-type activities					
Invested in capital assets, net of related debt					
Restricted	72,646	41,361	-	-	-
Unrestricted	<u>\$ 72,646</u>	<u>\$ 41,361</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total business-type activities net assets					
District-wide					
Invested in capital assets, net of related debt	850,293	947,347	1,043,454	1,131,616	1,109,384
Restricted					
Unrestricted	826,275	252,835	67,600	173,473	389,715
Total district net assets	<u>\$ 1,676,568</u>	<u>\$ 1,200,182</u>	<u>\$ 1,111,054</u>	<u>\$ 1,305,089</u>	<u>\$ 1,499,099</u>

NEW HORIZONS COMMUNITY CHARTER SCHOOL
CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2008, 2007, 2006, 2005, 2004

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses					
Governmental activities					
Instruction					
Regular	2,017,761	2,467,600	2,393,117	2,392,864	2,286,437
Support Services:					
General administration	1,976,569	1,300,509	1,421,113	1,179,363	1,095,248
School Administrative Services	1,510,807	1,548,806	1,488,001	1,449,991	1,591,924
On-behalf TPAF Social Security	134,607	151,894	139,738	144,177	164,431
Capital outlay	224,018	63,504	73,367	77,588	86,597
Unallocated depreciation	29,188	102,588	102,588	103,688	104,425
Total governmental activities expenses	<u>5,892,950</u>	<u>5,634,901</u>	<u>5,617,924</u>	<u>5,347,671</u>	<u>5,329,062</u>
Business-type activities:					
Food service	0	0	(200,758)	(222,993)	(236,464)
Child Care					
Total business-type activities expense	<u>0</u>	<u>0</u>	<u>(200,758)</u>	<u>(222,993)</u>	<u>(236,464)</u>
Total district expenses	<u>5,892,950</u>	<u>5,634,901</u>	<u>5,417,166</u>	<u>5,124,678</u>	<u>5,092,598</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Daily Sales - National Lunch Program	0	0	0	0	0
Pupil transportation		0	0	0	0
Central and other support services					
Operating grants and contributions	218,712	218,712	209,060	256,052	267,749
Capital grants and contributions					
Total governmental activities program revenues	<u>218,712</u>	<u>218,712</u>	<u>209,060</u>	<u>256,052</u>	<u>267,749</u>
Business-type activities:					
Charges for services					
Food service	0	0	0	0	0
Child care					
Operating grants and contributions					
Capital grants and contributions					
Total business type activities program revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total district program revenues	<u>218,712</u>	<u>218,712</u>	<u>209,060</u>	<u>256,052</u>	<u>267,749</u>
Net (Expense)/Revenue					
Governmental activities	(5,674,238)	(5,416,189)	(5,626,226)	(5,314,612)	(5,297,777)
Business-type activities	0	0	0	0	0
Total district-wide net expense	<u>(5,674,238)</u>	<u>(5,416,189)</u>	<u>(5,626,226)</u>	<u>(5,314,612)</u>	<u>(5,297,777)</u>

NEW HORIZONS COMMUNITY CHARTER SCHOOL
CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2008, 2007, 2006, 2005, 2004

General Revenues and Other Changes in Net Assets	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities:					
Local share	801,036	710,903	791,409	747,120	1,039,241
State Share	3,876,335	3,919,656	2,565,575	2,459,885	2,543,117
State and Federal aid	637,795	891,736	2,033,005	2,184,980	2,159,592
Miscellaneous income	14,356	26,703	17,776	4,174	24,842
Increase in Net Capital Outlay	50,914	39,393	14,426	7,581	7,371
Transfers					
Total governmental activities	<u>5,380,436</u>	<u>5,588,391</u>	<u>5,422,191</u>	<u>5,403,740</u>	<u>5,774,163</u>
Business-type activities:					
Investment earnings					
Transfers					
Total business-type activities	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total district-wide	<u>293,802</u>	<u>172,202</u>	<u>(204,035)</u>	<u>89,128</u>	<u>476,386</u>
Change in Net Assets					
Governmental activities	293,802	172,202	(212,337)	56,069	445,101
Business-type activities	0	0	8,302	33,059	31,285
Total district	<u>293,802</u>	<u>172,202</u>	<u>(204,035)</u>	<u>89,128</u>	<u>476,386</u>

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2007, 2006, 2005, 2004**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund					
Reserved					
Unreserved	389,715	183,473	59,298	211,474	753,629
Total general fund	<u>\$ 389,715</u>	<u>\$ 183,473</u>	<u>\$ 59,298</u>	<u>\$ 211,474</u>	<u>\$ 753,629</u>
All Other Governmental Funds					
Reserved					
Unreserved, reported in:					
Special revenue fund					
Capital projects fund					
Debt service fund					
Permanent fund					
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NEW HORIZONS COMMUNITY CHARTER SCHOOL
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
JUNE 30, 2002, 2003, 2004, 2005, 2006, 2007, 2008

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues							
Local tax Levy	\$959,918	\$951,571	\$801,036	\$710,903	\$791,409	\$747,120	\$1,039,241
Other local revenue	3,551	1,979	14,356	22,498	17,776	4,174	24,842
State sources	3,715,622	3,730,096	3,876,335	3,937,998	4,040,153	3,919,671	4,134,004
Federal sources	364,009	545,151	637,795	654,682	541,823	725,194	568,705
Total revenue	5,043,100	5,228,797	5,329,522	5,326,081	5,391,161	5,396,159	5,766,792
Expenditures							
Instruction	1,540,746	1,646,860	2,017,761	1,839,632	1,883,764	1,667,670	1,752,619
Regular Instruction							
Support Services:							
General administration	1,215,587	1,101,254	1,330,774	1,255,463	1,384,643	1,179,363	1,060,361
School administrative services/Plant	1,338,811	1,488,502	1,510,807	1,548,806	1,488,001	1,449,991	1,591,924
TPAF Social Security	41,699	112,523	134,607	151,894	139,738	144,177	164,431
Food Service							
Capital outlay	232,866	190,592	224,018	63,504	73,367	77,588	86,597
Debt service:							
Principal							
Interest and other charges							
Special Revenue	394,261	545,151	645,795	673,024	545,823	725,194	568,705
Total expenditures	4,763,970	5,084,882	5,863,762	5,532,323	5,515,336	5,243,983	5,224,637
Excess (Deficiency) of revenues over (under) expenditures							
Other Financing sources (uses)							
Proceeds from borrowing							
Capital leases (non-budgeted)							
Proceeds from refunding							
Payments to escrow agent							
Transfers in							
Transfers out							
Total other financing sources (uses)	0	0	0	0	0	0	0
Net change in fund balances	\$279,130	\$143,915	(\$534,240)	(\$206,242)	(\$124,175)	\$152,176	\$542,155
Debt service as a percentage of noncapital expenditures							

Source: District records

EXHIBIT J-5

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
REVENUE CAPACITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOT APPLICABLE

REVENUE CAPACITY

Exhibit J-6

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Assessed Value and Actual Value of Taxable Property
For the Year Ended June 30, 2008**

NOT APPLICABLE

Exhibit J-7

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Direct and Overlapping Property Tax Rates
For the Year Ended June 30, 2008**

NOT APPLICABLE

Exhibit J-8

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Principal Property Taxpayers
For the Year Ended June 30, 2008**

NOT APPLICABLE

DEBT CAPACITY

Exhibit J-9

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Property Tax Levies and Collections
For the Year Ended June 30, 2008**

NOT APPLICABLE

Exhibit J-10

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Ratios of Outstanding Debt by Type
For the Year Ended June 30, 2008**

NOT APPLICABLE

Exhibit J-11

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Ratios of Net General Bonded Debt Outstanding
For the Year Ended June 30, 2008**

NOT APPLICABLE

Exhibit J-12

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Direct and Overlapping Governmental Activities Debt
For the Year Ended June 30, 2008**

NOT APPLICABLE

DEMOGRAPHIC AND ECONOMIC INFORMATION

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Exhibit J-14

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Principal Employers
For the Year Ended June 30, 2008**

NOT APPLICABLE

**OPERATING INFORMATION
(UNAUDITED)**

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Full-time Equivalent District Employees by Function/Program
For the Year Ended June 30, 2008

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Instruction					
Regular	15	15	35	27	31
Special education				6	5
Other special education					
Vocational					
Other instruction					
Nonpublic school programs					
Adult/continuing education programs					
Support Services:					
Student & instruction related services				11	12
General administration				4	4
School administrative services				2	2
Other administrative services			-	3	3
Central services					
Administrative Information Technology				4	1
Plant operations and maintenance					
Pupil transportation	-	-	-	-	
Other support services	-	-	-	-	
Special Schools	-	-	-	3	9
Food Service					
Child Care					
Total	<u>15</u>	<u>15</u>	<u>35</u>	<u>60</u>	<u>67</u>

Source: District Personnel Records

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Operating Statistics
For the Year Ended June 30, 2008

Pupil/Teacher Ratio									Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
Fiscal Year	Enroll	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Elementary	Middle School	Senior High School				
2005	493	4,859,299	9,857	-7.06%	40	N/A	14	N/A			0.00%	97.00%
2006	491	4,969,513	10,121	2.68%	35	N/A	14	N/A			0.00%	98.00%
2007	464	4,969,513	10,710	5.82%	33	N/A	14	N/A			-3.19%	98.00%
2008	466	4,936,989	10,594	-1.08%	36	N/A	14	N/A			N/A	98.00%

Sources: District records

NEW HORIZONS COMMUNITY CHARTER SCHOOL
School Building Information
For the Year Ended June 30, 2008

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>School Building</u>					
Building					
Square Feet	37,743	37,743	37,743	37,743	37,743
Capacity (students)	500	500	500	500	500
Enrollment	491	491	491	464	464
Number of Schools at June 30, 2008					
Elementary = 466					
Middle School = 0					
Senior High School = 0					

Source: School Office

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Insurance Schedule
For the Year Ended June 30, 2008

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Commercial Property	\$ 1,280,000	1,000 - 7,500
Boiler and Machinery	1,000,000	1000
General Automobile Liability	1,000,000	N/A
School Board Legal Liability	1,000,000	1000
Umbrella	5,000,000	N/A
Workers' Compensation	2,000,000	N/A
 Surety Bonds		
School Board Legal Liability	1,000,000	N/A
Public Official Bond	250,000	N/A

Source: Charter School Records

Exhibit J-19

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Demographic and Economic Statistics
For the Year Ended June 30, 2008**

NOT APPLICABLE

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Schedule of Allowable Maintenance Expenditures by School Facility
For the Year Ended June 30, 2008**

NOT APPLICABLE

SINGLE AUDIT SECTION K

SCOTT J. LOEFFLER

CERTIFIED PUBLIC ACCOUNTANT
7 CLEVELAND STREET
CALDWELL, NEW JERSEY 07006

TELEPHONE
973-226-5985

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973-226-9701

EXHIBIT K-1

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Chairman and
Members of the Board of Trustees
New Horizons Community Charter School
County of Essex
Newark, New Jersey

I have audited the financial statements of the Board of Trustees of the New Horizons Community Charter School County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2008, and have issued my report thereon dated November 14, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the New Horizons Community Charter School Board of Trustees internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the New Horizons Community Charter School Board of Trustee's internal control over financial reporting. Accordingly, I do not express an opinion on effectiveness of the New Horizons Community Charter School Board of Trustee's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I identified certain deficiencies in internal control over financial reporting that I considered to be material weaknesses, as defined above. These are identified in the accompanying schedule of findings and questioned costs.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the New Horizons Community Charter School Board of Trustees financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. These are identified in the accompanying schedule of findings and questioned costs.

I also noted certain matters that I reported to management of the New Horizons Community Charter School Board of Trustees in a separate report entitled, Auditors' management Report on Administrative Findings – Financial, Compliance and Performance" dated November 14, 2008.

This report is intended solely for the information and use of the management of the New Horizons Community Charter School, Board of Trustees and the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Licensed Public School Accountant No. 870

A handwritten signature in cursive script, reading "Scott J. Loeffler CPA".

Scott J Loeffler, CPA

November 14, 2008

SCOTT J. LOEFFLER

CERTIFIED PUBLIC ACCOUNTANT
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EXHIBIT K-2

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04**

The Honorable Chairman and
Members of the Board of Trustees
New Horizons Community Charter School
County of Essex
Newark, New Jersey

Compliance

I have audited the compliance of the Board of Trustees of the New Horizons Community Charter School, in the County of Essex, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2008. New Horizons Community Charter School major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the New Horizons Community Charter School management. My responsibility is to express an opinion on the New Horizons Community Charter School compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the New Horizons Community Charter School's Board of Trustees compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the Board of Trustees of the New Horizons Community Charter School compliance with those requirements.

As described in the accompanying schedule of findings and questioned costs, the Board of Trustee's of the New Horizons Community Charter School did not comply with all the requirements that are applicable to its major Federal and State programs. Compliance with such requirements is necessary, in my opinion, for the New Horizons Community Charter School to comply with the requirements applicable to those programs.

In my opinion, except for the noncompliance described in the accompanying Schedule of Findings and Questioned Costs, the Board of Trustees of the New Horizons Community Charter School, in the County of Essex, State of New Jersey, complied, in all material aspects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2008.

Internal Control Over Compliance

The management of the Board of Trustees of the New Horizons Community Charter School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing my audit, I considered the New Horizons Community Charter School internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly I do not express an opinion on the effectiveness of New Horizons Community Charter School's Board of Trustees internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be significant deficiencies and others that I consider to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that

might be significant deficiencies or material weaknesses. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, I considered those items to be material weaknesses.

This report is intended for the information and use of the audit committee, management, the New Horizons Community Charter School Board of Trustees, the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Licensed Public School Accountant No. 870

A handwritten signature in black ink, reading "Scott J. Loeffler, CPA". The signature is written in a cursive, flowing style.

Scott J. Loeffler, CPA
November 14, 2008

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Schedule of Federal Financial Assistance
For the Fiscal Year Ended June 30, 2008

EXHIBIT A

<u>Federal/Grantor Program Title</u>	<u>CFDA/GRANT Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance July 1, 2007</u>	<u>Prior Carry over</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Refund of Prior Years' Balances</u>	<u>Adjustment</u>	<u>Deferred Revenue/ (Accounts Receivable) June 30, 2008</u>	<u>Due to Grantor at June 30, 2008</u>
Enterprise Fund						\$206,928	\$255,426			(\$48,498)	
Special Revenue											
NCLB 2007-2008											
Title 1	*NCLB	09/01/07-08/31/08	447,109			447,109	348,058			99,051	
Title 11A	NCLB	09/01/07-08/31/08	49,475			49,475	49,475			0	
Title 11D	NCLB	09/01/07-08/31/08	2,556			2,556	2,556			0	
Title 1V	NCLB	09/01/07-08/31/08	9,598			9,598	9,598			0	
Title V	NCLB	09/01/07-08/31/08	1,590			1,590	1,590			-	
IDEAL	IDEAL	09/01/07-08/31/08	50,000		50,000	0	32,710			17,290	
Idea Title VI Grant	IDEA	09/01/07-08/31/08	102,232			102,232	102,232			0	
NCLB 2006-2007 C/O										0	
Title 1	NCLB	09/01/07-08/31/08	140,326		140,326		0		194	140,326	194
Title 1A	NCLB	09/01/07-08/31/08	11,775		11,775		11,775			0	
Title IV	NCLB	09/01/07-08/31/08	10,711		10,711		10,711				
Total Special Revenue					\$212,812	\$612,560	\$568,705		\$194	\$256,667	\$194
GRAND TOTAL					\$212,812	819,488	824,131		\$194	\$208,169	\$194

*Major Program

The notes to the Schedule of Federal Financial and State Assistance are an integral part of this schedule.

Exhibit B

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Schedule of State Financial Assistance
For the Fiscal Year Ended June 30, 2008

<u>State Grantor/Program Title</u>	<u>Grant or State Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance July 1, 2007</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Prior Years' Balances</u>	<u>Adjustments</u>	(Accts Rec) <u>June 30, 2008</u>
GENERAL FUND									
TPAF Social Security	96-495034095-032	7/1/07-06/30/08	164,431		164,431	164,431			
On Behalf Pension	96-495034095-032	7/1/07-06/30/08							
Charter School Aid - Local *	5120-495/150-360030-60	7/1/07-06/30/08	1,039,241		1,039,241	1,039,241			
Charter School Aid - State *	5120-195/070030-60	7/1/07-06/30/08	2,543,117		2,543,117	2,543,117			
Special Education	5120-195/070030-60	7/1/07-06/30/08	85,386		85,386	85,386			
Consolidated Aid	5120-495/050030-60	7/1/07-06/30/08	2,947		2,947	2,947			
Abbott Funding	5120-495/050030-60	7/1/07-06/30/08	285,512		285,512	285,512			
T&E Gap Funding	5120-495/050030-60	7/1/07-06/30/08	217,869		217,869	217,869			
Demonstrably Effective	5120-495/050030-60	7/1/07-06/30/08	215,387		215,387	215,387			
Early Childhood	5120-495/050030-60	7/1/07-06/30/08	381,049		381,049	381,049			
Targeted At Risk Aid	5120-495/050030-60	7/1/07-06/30/08	285,512		219,650	219,650			
Technology Aid	5120-495/050030-60	7/1/07-06/30/08	18,656		18,656	18,656			
Total General Fund				--	5,173,245	5,173,245			
SPECIAL REVENUE FUND									
Total Special Revenue Fund				--	--	--			
ENTERPRISE FUND	96-100-034-5120-122	07/02/07-06/30/08		--	9,934	12,323			(2,389)
GRAND TOTAL					\$5,183,179	\$5,185,568			(2,389)

*Major Program

The notes to the Schedule of Federal Financial and State Assistance are an integral part of this schedule.

**THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
FOOTNOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

1. GENERAL

The accompanying Schedules of Expenditures of awards and financial assistance present the activity of all federal and state award programs of the New Horizons Community Charter School of Newark. The board of trustees is defined in the Notes to the school's general-purpose financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the school's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting revenue is not recognized until the subsequent year or expenditures have been made (GASB 34).

The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant account budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0-. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the school's general-purpose financial statements on a GAAP basis as follows:

**THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
FOOTNOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

The net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0-. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the school's general-purpose financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ ---	\$5,173,245	\$5,173,245
Special Revenue Fund	568,705		568,705
Food Service Fund	<u>224,360</u>	<u>12,104</u>	<u>236,464</u>
Total Awards and Financial Assistance	<u>\$793,065</u>	<u>\$5,185,349</u>	<u>\$5,978,414</u>

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

5. OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2008. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2008.

**THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS OF NONCOMPLIANCE
YEAR ENDED JUNE 30, 2008**

PART 1 – SUMMARY OF AUDITOR’S RESULTS**Financial Statement Section**

Type of auditor’s report issued:	Unqualified
	<u>YES</u> <u>NO</u>
Internal control over financial reporting:	
Material weakness(es) identified:	X
Significant deficiencies identified not considered to be material weakness(es)?	X
Noncompliance material to financial statements noted?	X

Federal Awards

Internal control over compliance:	
Material weakness(es) identified?	X
Significant deficiencies identified not considered to be material weakness(es)?	X
Type of auditor’s report on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be Reported in accordance with Circular A-133 (section .510a)?	X

Identification of major programs:

<u>C DFA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-------------------------------	--

84.010A	No Child Left Behind – Title I
Dollar threshold used to distinguish between type A and type B programs (.520)	\$300,000

Auditee qualified as low risk auditee:	X
--	----------

**THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS OF NONCOMPLIANCE
YEAR ENDED JUNE 30, 2008**

PART 1 – SUMMARY OF AUDITOR’S RESULTS (Continued)

State Awards	<u>YES</u>	<u>NO</u>
Dollar threshold used to distinguish between type A and type B programs (.520)	\$300,000	
Auditee qualified as low risk auditee:		X
Type of auditor’s report issued:	Qualified	
Internal control over major programs:		
Material weakness(es) identified:	X	
Significant deficiencies identified not considered to be material weakness(es)?	X	
Type of auditor’s report on compliance for major programs:	Qualified	
Any audit findings disclosed that are required to be Reported in accordance with NJOMB Circular Letter 04-04?	X	
Identification of major programs:		
<u>CDEA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
5120-07/08	Charter School Aid Local and State	

**THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS OF NONCOMPLIANCE
JUNE 30, 2008**

PART 1 – SUMMARY OF AUDITOR’S RESULTS (continued)

Federal and State Awards Section (continued)

Identification of Major Programs:

Federal

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	No Child Left Behind – Title I

State

<u>Program Number(s)</u>	<u>Name of State Program or Cluster</u>
5120-08	Charter School Aid/Local and State

**THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS OF NONCOMPLIANCE
YEAR ENDED JUNE 30, 2008**

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

No financial statement findings noted that are required to be reported under Government Auditing Standards.

**THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS OF NONCOMPLIANCE
JUNE 30, 2008**

**PART III – SCHEDULE OF FEDERAL AND STATE AWARD FINDINGS
AND QUESTIONED COSTS**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

1. That the \$194 of unexpended cancelled orders in the NCLB Title I be refunded to the NCLB Program.
2. Expenditures were not recorded in Fund 20 on a monthly basis.
3. That the TPAF monies for the Federal Program for 2005-06 \$50,576; 2006-07 \$33,653; and \$67,394 for 2007-08, be paid to the State of New Jersey.
4. That time sheets be utilized to document the payroll allocated to NCLB and IDEA. The school began the use of time sheets in April 2008.
5. That all acceptances and approvals of the NCLB and IDEA programs be documented in the minutes.
6. That the unexpended carry over balance for NCLB Title I be less than 15% of the total contract. For the carryover from 2006-07 \$140,326 excluded 15% of the total NCLB Title I contract. The school needed to apply for a waiver to allow the carryover to be allowed. The waiver was obtained from the State of New Jersey Division of Taxation.
7. That the school utilize the Federal approved chart of accounts within its accounting program.

**THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
SUMMARY OF SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Status of Prior Year Findings

No findings were reported for the prior year.

CORRECTIVE ACTION PLAN # 9

Name of School: New Horizons Community Charter School.

Type of Audit: Report of Independent Auditors

Date of Board Meeting: February 17, 2009

Contact Person: Tom Omwega

Telephone Number: (973) 622-0390

County: ESSEX

Recommendation Number	Correction Action Approved by the Board	Method of Implementation	Person Responsible for Implementation	Completion Date of Implementation
2. Financial Planning, Accounting & Reporting	1. Refund \$194 to the NCLB Program Title I. 2.Record all Fund 20 Expenditures on a monthly basis. 3. The monies for TPAF/Pension in the amount \$50,576, \$ 33,653 & \$ 67,394 be paid to the State of New Jersey. 4. Teachers to complete time sheets for all NCLB & IDEA programs. 5. All acceptance & approvals for NCLB & IDEA programs will be documented in minutes, 6. NCLB Title 1 carry-over balance be less than 15% of original contract. 7. School to utilize federally approved chart of accounts.	1. Payment will be issued upon Board approval. 2.Recording Fund 20 on a monthly basis. 3.Payment was issued to the State of New Jersey. 4. Implementation of time sheet in place. 5. NCLB & IDEA documents are being recorded in the minutes. 6.Procedures are in place not to exceed 15% of NCLB original Contract. 7.School uses Federal approved Chart of Accounts in the New Accounting System	School Business Administrator/Teachers/NCLB & IDEA Administrator	2/17/2009

Board President	Date
------------------------	-------------

Charter School Lead Person.	Date
------------------------------------	-------------

Board Secretary/Business Administrator	Date:
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CC: County Superintendent